



GREGG APPRAISAL DISTRICT

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Longview, TX 75604
(903) 238-8823
FAX (903) 238-8830

Thomas R. Hays, RPA, CCA, CTA
Chief Appraiser

August 20, 2009

Comptroller of Public Accounts
Property Tax Assistance Division
%Leslie K. Ward
1711 San Jacinto Blvd., Third Floor
Austin, TX 78701

RE: 2009 Commercial Property Appraisal Schedules

Dear Ms. Ward,

Per your request, the following pages contain information pertaining to our commercial property appraisal schedules. Many of our commercial real properties are appraised using the cost approach. For these properties, the Gregg Appraisal District uses Marshall & Swift software for costs, depreciation and local multipliers. I have enclosed the 2009 schedules for our properties appraised on the income approach.

Please do not hesitate to contact me at 903/238-8824 ext. 238 if you have any questions.

Sincerely,

Libby Neely, RPA, CCA, CTA
Director of Appraisal

Lee Barnett

From: tom hays [thays@gcad.org]
Sent: Wednesday, August 12, 2009 2:09 PM
To: Lee Barnett; Libby Neely
Subject: Fw: Commercial Property Appraisal Schedules

----- Original Message -----

From: Texas Comptroller of Public Accounts
To: thays@gcad.org
Sent: Wednesday, August 12, 2009 12:35 PM
Subject: Commercial Property Appraisal Schedules

 **Window on State Government** Susan Combs Texas Comptroller of Public Accounts

Dear Chief Appraiser:

Recently, Texas Comptroller Susan Combs directed the agency's Property Tax Assistance Division to begin providing expanded informational support to county appraisal districts (CADs) and taxpayers. The Comptroller's office has set up a Web site that greatly expands the amount of information available to CADs and taxpayers to assist them with property tax issues.

We need your help to make this endeavor a success. We are gathering copies of locally developed commercial property appraisal schedules. These schedules will be posted on our web site to provide information to assist with property tax issues.

Please provide, by e-mail or regular mail, a copy of your most recent commercial property appraisal schedules by Sept. 14, 2009. Please send your commercial property appraisal schedules to one of the following addresses:

E-mail: ptad.cpa@cpa.state.tx.us

Mail: Comptroller of Public Accounts
Property Tax Assistance Division
Attn: Leslie K. Ward
1711 San Jacinto Blvd., Third Floor
Austin, Texas 78701

If you have any questions, please contact Jeff Van Pelt, manager of our Outreach and Support Section, by e-mail at jeff.vanpelt@cpa.state.tx.us or by phone at (800) 252-9121, ext. 3-3820.

Sincerely,

Deborah Cartwright
Director
Property Tax Assistance Division

cc: Jeff Van Pelt



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8/14/2009

Gregg Appraisal District – Commercial Appraisal Schedules

The vast majority (more than 75%) of commercial real estate in Gregg County is valued with the cost method, literally using Marshall & Swift schedules, depreciation tables, and the indicated local multipliers.

The next most significant method of valuation which is used on many of our larger properties is the income method. The basic income models are included in this document.

Basic 2009 Office Center Income Model

RANK	Location	Cap Rate before adding ETR	Avg Vac	Avg Exp Ratio (% of PGR)	Reserve (% of PGR)
1	Downtown	9.80%	15.00%	53.00%	4.00%
2	Downtown	9.80%	15.00%	53.00%	4.00%
1	Other	9.30%	15.00%	40.00%-42.00%	3.00%
2	Other	9.60%	15.00%	40.00%-42.00%	3.00%

A loaded cap rate is used in this model
 Market rent varies based on size / location

Ranking Description – Office Centers

Ranks

- 1 Good Office Center. These are generally multi-story, multi-tenant properties. Quality is of average to good construction. In many instances, a bank will own and occupy a small portion of the first floor.
- 2 Average Office Center. These are generally one story, multi-tenant properties. The owner usually does not have an office in the property. Quality is of average construction.

Basic Shopping Center Income Model

Rank	Cap Rate before adding ETR	Avg Vacancy Rate	Avg Exp Ratio (% of PGR)				
PC	8.50%	10.00%-15.00%	15.00%				
1	9.00%	10.00%-15.00%	20.00%				
2	9.50%	10.00%-15.00%	25.00%-30.00%				
3	10.00%	10.00%-15.00%	25.00%-30.00%				

A loaded cap rate is used in this model

Market rent varies based on size / location

Ranking Description – Shopping Centers

Ranks

- PC Power Center. Power centers normally rent exclusively to national retail chains and normally produce the highest rents along with the lowest expenses.
- 1 Good shopping centers. Most are average to above average quality. They will have one or two major anchors that draw customers to the center.
- 2 Average shopping centers. These centers may or may not have a major anchor; will possibly have a popular local anchor. Average quality construction.
- 3 Low shopping centers. These centers do not have major anchors. Most are similar to strip centers and have average to basic quality construction.

Basic 2009 Apartment Income Model

EXPENSES

Rank	Vacancy	Expense	Type	Cap Rate before adding ETR
RANK 1	10%	54%	No Bills Paid	10.00%
RANK 2	10%	52%	No Bills Paid	9.50%
	10%	62%	All Bills Paid	9.50%
RANK 3	10%	48%	No Bills Paid	9.00%
	10%	60%	All Bills Paid	9.00%
RANK 4	10%	44%	No Bills Paid	8.50%
	10%	58%	All Bills Paid	8.50%
RANK 5	10%	43%	No Bills Paid	8.25%
HUD/LIHTC	10%	60%	Subsidized/Low Income	9.00%

A loaded cap rate is used in this model

Ranking Description - Apartments

U= Unique

Unique property. Includes clusters of duplexes or townhomes. Will not fall into regular apartment descriptions. Property may have limited amenities such as pools and tennis courts.

1= Basic, Low

Generally, these properties are single-level construction. They have no extra amenities: no pool, no laundry facility, no patio/balconies. Quality of construction is very basic with no ornamental features.

2= Basic

Multi-level apartment type units. Amenities are limited, if any, but may include a laundry facility, small pool. No private patio/balconies are included, but may have a community patio/balcony. Generally, they have no office but are rather managed by a real estate company or individual. Quality of construction is slightly below average with no or very little ornamental features.

3= Average, Low

Multi-level apartment type units. Complex will have laundry room, possibly small office, private patio/balconies, will possibly have playground and pool. Quality of construction will be basic with some ornamental features.

4= Average

Multi-level apartment units. Complex will have pool, laundry facilities, leasing office, playground and a small clubhouse. Quality of construction is average and ornamentation is average. Property grounds will have some landscaping. Complex may have some type of covered parking.

5= Good

Multi-level apartment units. Complex has pool, most include some type of sport courts (i.e. tennis courts, basketball courts, and/or volleyball courts), large leasing office/clubhouse, fitness center, nice laundry facility. Ornamentation is usually above average with nicer landscaping. Most complexes will have covered parking and possibly garages.

Basic 2009 Hotel Income Model

	Expense Ratio	Reserve	Cap Rate	GRRM
	(% of GRR)	(% of GRR)		
Rank 1	77%	4%	10.50%	1.81
Rank 2	75%	4%	10.50%	2.00
Rank 3	67%	4%	10.20%	2.84
Rank 4	67%	4%	10.00%	2.90
Rank U	67%	4%	10.00%	2.90

Personal property is included in resulting valuation
 This model does not use a loaded cap rate

Ranking Description – Hotels

The ranking range is a “1” for the lowest to a “5” for the highest.

Category “1” properties have no pools, little or no windows and poor quality. Two of these properties were constructed as “Tourist Courts.”

Category “2” properties have limited amenities. Many if not all pools have been filled in and the rooms have limited or no view and small windows.

Category “3” properties, which is the largest category, are typical of the newer motels with a pool, very small office or lounge area and limited if any meeting facilities.

Category “4” properties contain meeting areas, nicer amenities; some have indoor pools and restaurants.

Category “5” properties have higher quality rooms and amenities and stand out significantly.